(P-87)

G. R. S. IX-5]

Previous references.

S.R. 165-05 Ag 1-18,
do 180-11 Ag 1-3, B. March 11 1913-4
" 1-3, B. Sept 12 (" S.R)

File No. 70-13

Serial Nos. 2-4, 8 to 12

Later references.

P.W. 30-15 (Irr)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 2-4, 8 to 12

Part B for December 1916.

SUBJECT.

Audit of the Excise accounts of certain Talugs by the local Auditor of the Comptroller's office

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To 12.

To
The Excise Commr.
No. M.3454-5 dated 19-12-1916

Records the above—

W D 88—GPB—50,000—24-7-16

21/2/18

G.R.S. 11]

1913-4

GENERAL AND REVENUE SECRETARIAT.

(SR.)

NOTES.

File No. 70-1

FILE HEADING.

Audit of Excise accounts of certain taluks by the local auditor of the Comptroller's office.

From

The Comptroller to Govt

No. 1841/KAD130 Dated 5/8/1913 Received 15/8/13.

Diary No. 1279	Enclos. 1	Spare Copies. —	Serial No. 2.

BRIEF ABSTRACT OF LETTER.

Forwards for the information of Govt a copy of his letter to the Excise Commr relating to the report on the audit of Excise Accounts of the Bowringpet Tk for 1896-7 to 1911-12.

NOTES AND ORDERS.

NOTES—First Sheet.

Pgh

GPB—35,000—15-6-12

SR. 70-13

D[illegible]

G.R.S. 13]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Auditor's report on the Excise accounts of the Bowringpet Ta.

Submitted

Sinkapole

1. The reference file required for the letter are put up in another Connection with D: 1161 of 1913. This has been referred for financial opinion. The remarks of the Excise Commr on the Report are necessary before any action is taken by Govt.

2. May the return of the file and the opinion of the Excise Commr on the report be awaited? Submitted

[illegible] SN

17/9/13

3. Please invite the Excise Comr's attention to the Audit report & call for an early expression of his views

SDA

17/9

GPB—20,000—14-7-13.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G. R. S. 12]
General and Revenue Secretariat.

(B)

S R. File No. 76 of 1913

Serial No.	
	Draft Subd M 73 SN 14/9/13.
	Dr Secy 5 Approved Sd/- 20/9 Secy 26/9
	6. Issd Sd/- 26/9
3	To The Excise Commissioner Mysore No 1824 dated 10-10-13 Requests him to favour Govt with his remarks on the report of the audit of Excise accounts of the Bangalore M forwarded to him by the Comptroller
4.	From the Comptroller & Govt No: 3713 & 1/14/13. Forwards copy of the Auditor's report on the audit of the Excise accounts in the Bangalore M from 1st July 1896 & 30th June 1912, which was forwarded to the Excise

NOTE—Contr sheet.

GPB—55,000—27.4.09.

(5)

General and Revenue Secretariat.

S R File No. 70 of 1913.

Serial No.

any serious irregularity in the Imperial as in the case of the Birmingham. The opinions of the Excise Comm. on the three reports have not yet been received.

(Papers under disposal No.)

CPS

11 A draft to the Excise Comm. is submitted for orders.

M. 13 Nov. 6/12/14.

Issue by 7-12-14

To the Excise Commissioner in Imperial No. 4790 dated 8-12-14.

Requests him to submit to Govt at an early date his opinion on the auditors reports.

Excise Comm no: 4771 of 10/12/1914.

[With reference to Sl no 9, states that the reports have been forwarded to the Deputy Commissioners concerned and that they will be forwarded immediately on their receipt.]

10. From the Excise Comm. in Imperial No: 6589 of the 6/3/1915.

With reference to Serial no 3 forwards with his remarks the report of the auditor for on the audit of-

NOTE—Contn. sheet.

GPB—60,000—7-11-13

(6

G. R. S. 12]

General and Revenue Secretariat.

S R. File No. 70 of 1913.

Serial No.

the Bowringpet Taluk accounts from 30th June 1912.

13 The Special auditor's deputation was ~~specially~~ sanctioned in Sept^r 1912 to audit the Special Shroffs' accounts of Bowringpet, Bangalore & Mysore Taluks; and this was consequent upon the defalcation case of the Kolar Taluk in which final order was passed on 4th March 1911.

14 The Comptroller's letter to the Excise Comm^r ~~dated~~ of the 12th Sept^r 1913 summarises the chief irregularities and the Dy Comm^r's letter of 22nd February 1915 deals with them under several groups. The Excise Comm^r in agreeing with the Dy Comm^r brings to the notice of Govt that the irregularities of the kind noted in the report are cannot be matters of common or daily occurrence now.

15 ~~Before proceeding to note~~ the chief irregularities noted belong to the period prior to 1908, and those noted subsequent to this period are of very minor importance.

Paper marked Appendix No 1.

X

Paper marked Appendix No 2.

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | SR File No. 70 of 1913.

Serial No.

16 The chief item is the heavy incident of the Borewell-ru for proof liquor to adjust the liquor of weaker strength, particularly for the period between 1900 & 1905. The Comptroller relying on the auditor's report estimate ~~exceeds~~ the loss to Govt to be Rs 17800; whereas the Dy Comm has proved that the maximum quantity which may be considered as having been loss to Govt is only Rs 3566. Even in this, some deduction ought to be made for the normal quantity to be usually used in this respect. Even this allowing for this quantity last was considered abnormal and special mention has been made in the Admn Report for 1906-07 and the Govt review thereon. The final statement of the Excise Comm on the subject is given in the Admn Report for 1907-8. Special mention of the addition of proof spirit is also made in the Report for 1908-09.

Para 15 in Hdg X

Para 9 Hdg R & (Para 5 of the Review)

Para 41. R.

Para 37 P.

17 The negligent condition of the Excise control in the Kolar Dt prior to 1906 has been commented upon in a general way in the file relating to the Kolar defalcation case. Even the Taluk authorities ~~also~~, also, it has been proved, were negligent with regard

Y

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | S R File No. 70 of 1913.

Serial No.

to the custody and issue of arrack of
proper strength. No special notice taken
by the auditor of an incident of loss falling
of proof spirit on the 4th April 1907 has
not been referred to in the Dy Commissioners
but the period in question relates to the
arrangement made for the supply of
arrack ~~xxxxx~~ after the sudden
insolvency of messrs Arbuthnot & Co.
It has been stated that no defalcation
of the kind which took place in Kolar
has occurred, but the loss to Govt could
have been avoided if the rules had
been strictly enforced.

In the other irregularities, viz credit
of money received by the Special Sheriff
into the treasury, certain
discrepancies in the entries in the Day book
and other registers are to be found in
the auditors report paras 4 & 26.

submitted for orders.

Mr 5-6 Govt

6/9/16. The examination was primarily
intended to find out if the Special Sheriff
had misappropriated any portion of
the Collections. On this point the report is
satisfactory. Regarding the excessive use of
proof spirit for adjustment — which is the only

Page 17 of the Report

Para 20 of Chap X

Continued on Flag O.

L
III

Papers not available -
G. 12 A. Supdt

NOTE—Contn. sheet.

GPB—70,000—17-12-15

3618

(9

G. R. S. 12]

General and Revenue Secretariat.

S.R. File No. 70 of 1913.

Serial No.

Serious irregularity — referred to by the Auditor, this has been noticed by the Dept. Officers and by Govt on former occasions & it is stated that since 1908 this defect has been remedied. The other minor irregularities noticed in audit, will be attended to by the Commr

2a. A draft order may be passed upon the lines indicated orally.

8.7.16

2b Draft submd. for orders.

12/7/16. Phant the corrections in pencil - Put up this copy of draft order

30/7/16.

23.

This draft submd.

2/8/16. Revised)

2-8-16

2d Draft submitted for approval. I am calling for explanation as to the cause of long delay in moving in the case

3-8-16

I cannot approve you calculation. Go on a belated Conspiracy machine is called for please record. & submit explanation for delay in dealing with this file

7/8

Have you noted my remarks to Commissioner of Excise & Customs

NOTE—Contn. sheet.

GPB—70,000—17-12-15

(10

G. R. S. 12]

General and Revenue Secretariat.

SR File No. 70 of 191].

Serial No.

Ry Secy). Note orders & Return asked by Govt for the Secy — The Comrs explanation recorded. Have rendered visited for Bangalore & Mysore accts. Representations in progress.

W. 5/8

A draft is subd accordingly for orders.

Ry 10/8/16. 29 With reference to the audit of accounts of the Bangalore and Mysore Talukas, it is subd that the Excise Comr has in his letter under disposal stated that the Dy Comrs have been reminded by him and the reports are not yet received. An addition has been made to the draft order in the matter. [As reminders were issued in this case, it is subd that no reminders were proposed in the case of the subsequent reports.]

Ry 10/8/16. Mvk

Remind 16/12/16

16/12/16 Received 16.12.16

30 Done — If no reply is received before the 10th of Jan 1917 reminders desire. The Govt orders should be marked with this file & 2nd reminder on return to HQ Quarters.

16/12 Dy Secy

Dy 16 Dmcks

[Explanation for the delay is referred to and to be kept in view.]

Ry.

Draft is noted & amendment by

Explanation is forwarded in 123/acc. Books.

NOTE—Contn. sheet

Ry. 23/12/16

GPB—70,000—17-12-15

(11)

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | File No. 70 of 1913.

Serial No. 12

To the Excise Comr & Comptroller
No: 34575 dt 15/11/1916.
Record the report with on the
accounts of the Bowringpet Hr.
with the observation that the
explanation of the Dept on the
reports of the auditor regarding
the accounts of Mysore Bowringpet
Hr is awaited

B Hrs

NOTE—Contn. sheet.

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government. Window delivery No. 6, Bangalore.

No. 1840
129-30

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 5 August *191*3.
12th Sept. 1913.

DIARY NO 1279
10/3-1914
SECTION SR
FILE NO. 703
SERIAL NO. 2

FROM

J. S. CHAKRAVARTI, Esq., M.A.,
F.R.A.S., etc.,
Comptroller to the Government of
His Highness the Maharaja of Mysore.

To

The Excise Commissioner ~~Esq.~~,
in Mysore,
Bangalore.

SIR,

Adverting to Government Order No.Fl:1060-1/S.R.180-11-2 dated 5th September 1912 directing the audit of the Excise accounts of Bowringpet and other Taluks, and in continuation of my letter No.446 dated 29th April 1913, I have the honor to forward herewith a copy of the report drawn up by the special auditor M.V.Krishnaswami Iyengar embodying the result of his examination of the Excise accounts of the Bowringpet Taluk for the period from 1896-7 to 1911-12 and to state as follows:-

2. The audit has brought to light the following irregularities:

(i) The most serious of these is that connected with enormous consumption of proof spirit year after year at the Bowringpet Depot ostensibly for raising weak liquor to the authorized strength and this has been dealt with in some detail in para 4 of this letter

(ii) Omission of the taluk authorities to examine the other irregularities are the special Chroff's Kirdee and allowing him to keep in his custody sums of money larger than the amount of his securi to post the chellans issued by him not at the time of issue to

GPB—2,000—9-12-12

licensees or at the close of each day but only leisurely at the time of remittance to Treasury, and to make frequent corrections, interlineations and erasures in the Kirdee.

(iii) Appointment of special Shroffs who were related to the Depot Mutsaddy for the time being.

(iv) Failure of the Taluk authorities to compare the Shroff's Khirdee with the Day Book and to enquire into the ~~course~~ cause of discrepancies that existed between them.

(v) Want of examination and reconciliation of the "N" extract and the "O" Register with the Shroff's Kirdee.

(vi) ~~Duplication~~ Deputation by the Amildar of Taluk officials inferior in rank to the Sherastedar to receive consignments of arrack casks and to issue them on requisition to the Bonded Depot keeper after determining bung wastage if any (Contrary to Para 2 of Excise Commissioner's Circular No.15-22/346 dated 27-~~5~~-04).

(vii) Even when the casks were stated to have been received damaged or when the use of proof liquor was found necessary to raise the liquor in the cask to the authorized strength, personal examination by the Amildar or Shirastedar was not insisted upon.

(viii) Omission of the Excise Inspectors to report cases of arrival of weak liquor to the higher authorities for necessary enquiry and action (Vide Para 3 of Excise Commissioner's Circular No.4578-85/232 dated 12th May 1896).

(ix) Failure to take action against the Depot Mutsaddy for having liquor weaker than the authorized strength in the cask on tap (Vide para 4 of Excise Commissioner's Circular No. 4595-602/234 dated 14th May 1896 and Para 3 of No.760-844/7 dated 2nd August 1896).

(x) Omission on the part of the Bonded Depot keeper to enter particulars regarding the individual casks from which liquor was actually issued to licensees.

(xi) Perfunctory examination of stock of arrack in the Depot and failure to notice and take necessary action for shortage found in the cask on tap.

3. All the above mentioned irregularities are due to the non observance of prescribed rules and would not have occurred if the duties assigned to the various authorities concerned had been efficiently performed by them. The investigation conducted by the auditor, goes to show that as a result of the laxity that prevailed there has been considerable loss of Excise revenue, the exact extent of which could not however be determined except in respect of one class of irregularities viz., consumption of proof spirit.

4. From a perusal of para 5 of the audit report it will be seen that the auditor had to work at great disadvantage as he could not get all the records, registers and information required for the investigation of the matter. Various corrections, interlineations and erasures were noticed in the special Shroff's Khirdee and other records, but owing to the non production of connected documents, for necessary verification, this part of the investigation has been incomplete and inconclusive.

5. In respect of one irregularity, however, viz., the consumption of proof spirit, the audit has disclosed that there has been a loss to Government of about Rs.17,000 and that this loss would not have occurred if the Taluk and Excise authorities had carefully observed the prescribed rules.

In the first place, the quantity of proof liquor consumed in the Bowringpet Depot from the year 1896-7 to 1907-8 was quite abnormal, being as large as 2716 gallons as compared with but 6 gallons in an important Depot like that of the Mysore City during the corresponding period; in one year 1906-7 alone the recorded consumption in the Bowringpet Depot was 1096. There has been no consumption of proof liquor at all in this Depot since 1908-9.

Secondly

Secondly almost every cask taken out of stock for issue to the Bonded Depot keeper during the period from 18-4-'00 to 27-5-'05 is shown as having contained liquor below the authorised strength, and to have been issued after being raised to the proper standard. But No report was in any case made by the adjusting officer either to the Excise Commissioner or to any other officer with a view to make necessary enquiries and enforce the responsibility of the Distillery officer and the carrying contractor. Even when the liquor was so weak as 22.7 i.e., 2.7 below the authorized strength the Excise Assistant Inspector Mr.V.Rama Rao appears to have adjusted and issued it on his own responsibility.

Thirdly. In a very large number of cases the quantit of proof spirit utilized was not determined according to the prescribed rules but was arbitrarily arrived at.

Fourthly. Proof liquor was found utilized in a number of instances to adjust weak liquor found in the cask on tap while the proper course that should have been adopted in such cases was to take necessary action against the Depot keepers and the carrying contractor who were responsible under the conditions of the license for keeping liquor below the strength at which it was to be issued.

Fifthly. The failure of the Distillery officers to enquire why abnormally heavy quantities of proof spirit were indented for by the Bowringpet Depot alone, and to report the matter to Excise Commissioner for orders. The quantity of proof spirit indented for and supplied in one consignment on 4th April '07 was so large as 10 gallons while the largest quantity ever supplied to the other Depots in the Province at one time did not exceed 8 gallons.

6. The facts noted above go to show that the indenting for and issue of large quantities of proof liquor were ner

permitted by the authorities concerned when they should have known that there could have been no legitimate use for it and the abnormal consumption of this description of liquor in the Depot also failed to attract except in one case the attention of the several inspecting and controlling authorities who had the means of finding out the matter open to them either in the Depot Books or in the prescribed returns of the issue and consumption of liquor.

7. Further investigation departmentally into the various points brought out in the audit report seems to be necessary and I beg leave to draw attention to the need for conducting it, for finding out the responsibility of all the officers concerned, of the carrying contractors and of their agents and for recovering the amount lost to Government. The action taken by you in the matter may be kindly reported to Government to whom a copy of the audit report together with a copy of this letter has been submitted.

I have the honor to be,

Sir,

Your most obedient servant,

Sd. J.S.Chakravarti,

Comptroller.

1841
L.A.0130 (one)

V.U.C

Copy forwarded to the Secretary to the Government of Mysore, General and Revenue Departments with a copy of the Auditor's report for information.

J.S.Chakravarti
Comptroller.

13/9/12

Compt.

29

Report on the audit of the Excise Accounts of the special Shroff of the Bowringpet Taluk as ordered in Government Proceedings No.F1:1060-1/L.R.180-11-2 dated 5th September 1912.

The audit was conducted by M.K.Krishnasawmi Iyengar who was specially deputed for the purpose.

It was commenced on the 4th December 12 and completed on the 1st May 1913.

The period occupied excepting holidays was 129 days.

During the period under audit the officials, as per statement No.1 were doing the duties of the special Shroff.

The audit was required to be conducted from the date when the system of having speci shroff to receive Excise collections was ~~1st~~ first introduced viz., July 1896.

It covered a period of 16 years from 1 July 1896 to 30th June 1912.

2. The stock of arrack in the Bonded Depc was examined by the Amildar Mr.F.S.Raghavac in the presence of the auditor on 25-12-12 and it was found to be in excess of the qua -tyshewn by the Bonded Depot keeper in his c counts by 6 drams while after the examination of the accounts in detail, it was four that the balance in the cask on tap No.322 issued on 23-12-12 was short off the correc balance by 14 drams. In the course of inspection tour, the Assistant Comptroll

Mr.B.Srinivasa Iyengar visited the Bonded Depot on 14-3-1913 at about 5.30 P.M., and got the liquor in cask on tap No.306 and the sample bottle examined in the presence of the Amildar in charge, Mr.Abdul Hak and the Excise Assistant Inspector and found that the strength of the liquor in them were 25.8 and 25.2 respectively. As there was consider able difference between the strength of the liquor in the sample bottle and that in the cask on tap and that as further the strength of the latter was below the authorized strength 25.6, the fact was immediately reported to the Deputy Commissioner for information.

3. The following registers &c were requisitioned by the auditor for all the years and such of them as were for complete years were examined by him

Taluk Office.

1. File of "J" passes containing the quantity of liquor issued from the Distillery.
2. "K" Register in which the duplicates of "J" passes received from the Distillery are entered.
3. File of "G" challans being the foils taken out of a book containing a specified number of challans on which the money received by the special Shroff is acknowledged.
4. Stock Register Shewing the receipts, issue and the stock on hand of "G" Challans books to the Licensees of arrack shops.
5. Special Shroff Register Containing challanwar collection and the quantity on which it was collected.

6. Day book Containing daily collections of Excise Revenue.

7. Demand Collection and Balance Statement of Excise Revenue.

8. "C" Register in which the duplicate ra hadaries and "N" extracts received from the Bonded Depot keeper are entered.

Arrack Bonded Depot

9. Bonded Depot Register Containing the quantity received from the Distillery quantity of proof spirit adjusted, quantity of arrack issued with the amount collected the bung and stand ~~was tages~~ wastages and the balance on hand (the wastage sustained by a cask during the interval between the time of issue from the Distillery and the time of examination of it is called bung wastage and the wastage sustained by a cask from the time of its being placed on tap till its contents are completely issued is called stand wastage.)

10. Proof Register Containing the quantity of proof spirit received, the quantity adjusted and the stock on hand.

11. Inspection Book Containing the names of officers who tested the strength of liquor the quantity of proof spirit adjusted, quantity of liquor added on account of bung wastage and the stock on hand at the time of inspection.

12. Wastage book Containing caskwar ~~being~~ bung and stand wastages.

13. Jaggery Arrack Depot Depot Regis of Molasses and Jaggery arrack and Mazum h Inspection books.

4. Before proceeding to report the result of audit it seems necessary to describe in general lines the procedure adopted in the matter of issuing liquor from the Distillery to the Bonded Depot and from the latter to the Arrack Vendors on payment of duty and price of arrack.

Procedure

(1) Receipt of liquor

Whenever the Depot Mutsaddy considers necessary, one foil of an indent in form No. A.56 (in triplicate) showing the number of casks required for use in the Depot is sent by him directly to the Distillery officer and another foil to his Principal, the Carrying Contractor. The quantity in stock is entered in the indent but there appears to be no definite rules to show what quantity should be in stock when applying for a fresh supply of casks.

If the indent is for proof spirit it is required to be sent through the Range or Divisional officer.

Such indents are complied with by the Distillery officer according as they are received or according to the urgency of the indent, as the case may be. The required number of casks having been duly filled in with liquor of the authorized strength, the consignment is handed over to the Government Carrying Contractor with one foil of a pass in Form J, which in turn is sent on to the Bonded Depot keeper through post with the Railway receipt when the consignment is despatched by Railway and the Carrying Contractors own rahadari. Of the other two foils of the

J pass one is forwarded to the Amildar of the Taluk where the Bonded Depot, to which the consignment is despatched, is situated and the other retained in the Distillery.

In the Taluk Office the duplicate copies of J passes received by the Amildar from the Distillery officer, are entered in a register in form "K" (A.59).

On being informed that the consignment with pass has arrived, the Amildar deputes an official of his office to accompany the Depot Mutsaddy and the Excise Assistant Inspector to the Railway station and receive the casks after comparing the contents of the pass with the details pointed on the casks and then see that the consignment is duly taken over to the Depot and note the date and hour of receipt at the Depot on the pass. The store room, in which the casks are placed, is then sealed by the Taluk official and issues are made by him out of such stock according to the Depot keepers requisition. Prior to July 1902 no taluk official was examining the receipt of consignment into the Depot. This work as well as the issue of casks was done by the officials of the Excise Department alone.

Immediately after the arrival of the consignment in the Bonded Depot the J pass is sent by the Depot Mutsaddy with a note that the contents were received and booked on the date and hour specified. All the passes thus received by the Vottu Mutsaddy in a month are sent to the Excise Commissioner with a covering list on the 10th

of the following month.

(ii) Receipt of Money.

The licensee of every separate shop who wants arrack for sale pays the fixed duty and price in respect of the quantity required by him to the special Shroff at the Taluk office and obtains a receipt in form "G". This form is in triplicate, the original is retained by the special Shroff to accompany his daily account and the duplicate and triplicates handed over to the party, One of which will be delivered to the official in charge of the Bonded Depot on receipt of the quantity of arrack mentioned therein and the triplicate retained by him.

Since 1906-7, these challans have four foils the last of which is retained by the Vottu Mutsaddy in the Taluk Office and filed.

And under Government Order No.Fl:4698-708/S.R.45-05 dated 4th March 1911 these Chellans shall be in books containing a specified number of challans.

All the money collected by the special shroff is required to be remitted to the Treasury either on the same day or on the next day through his kirde or day book accompanied with the "G" challans.

The entries in the Day Book and the G challans are supposed to be examined by the Vottu Mutsaddy before remittance, who in his turn, is required to enter the credits in his day book.

(iii) Issue of liquor

Till 30th June 1902, the procedure for the issue of liquor to the Bonded Depot keeper for purpose of vending to the licensees, was as follows. The number of casks required by the Depot keeper used to be opened by the Excise Assistant Inspector in the store room and after ascertaining the bung wastage if any, in each cask by filling it from the cask on tap the official would test the strength of the liquor. If it was found to be below the authorised strength, he would raise it to the required extent by adding proof liquor, take out a sample bottle for each cask, note the results in the Inspection book and then issue the casks thus dealt with, with the sample bottle duly corked and sealed to the Depot keeper.

For some time during the period under audit 3 sample bottles were in the custody of the Depot keeper but subsequently they were reduced to 2.

From 1st July 02, the store room has been in charge of the Amildar and the casks are issued by the Amildar, Shirastedar or other Taluk official deputed by the Amildar after the liquor is tested by theAssistant Excise Inspector as above described in the presence of the Revenue officer. The results of the testing are noted both by the latter and the Excise Inspector in the Inspection book.

The Depot keeper thereupon enters the cash received in his day book and issues liquor to the licensees on production of "G" Challans issued by the special Shroff

to the extent of the arrack covered by the challans with a permit in form No.A.45.

Till October 1907, these challans, after being posted in the Bonded Depot Register were sent daily to the Excise Commissioner the date and hour when the arrack was issued being noted therein. since that period the challans are being sent to the Deputy Commissioner on the 10th, 20th and the last day of each month with the consolidated Treasury receipt in form A 19 (Vide also para 6 of Government Order dated 4th March 1911 quoted above).

The Bonded Depot keeper prepares daily an extract from his register of issues to separate shop keepers in form "N" and sends the same on the morning of the day following to the Amildar of the Taluk.

On receipt at the Taluk office these extracts are entered in the "O" Register by the Vottu Mutsaddy and all such extracts received during the month are sent on the 10th of the following month with a list to the Deputy Commissioner for check.

General remarks.

5 At the outset it has to be stated that the work of audit was much hampered by necessary account books and records not being readily available for audit. The primary and important records connected with the audit of the special Shroff's accounts are:-

(1) J.passes issued by the Distillery officer (2) "G" challans issued by the special Shroff (3) Inspection books (4) Bonded Depot Registers and (5) Registers separately main-

maintained for proof liquor.

No "J" passes from 1896-7 to 1898-9 were available in the Taluk office nor were the "J" passes for the subsequent years completely produced.

No "G" challans for the period from 1896-7 to 1900-1 and also for 1902-3 were stated to be available in the Excise Commissioner's Office and even in respect of the other periods only a few challans for a few months were produced for audit. Challans from 1907-8 were not filed in the Taluk office nor were the completed books obtained from the licensees except for the year 1911-12.

Inspection books from 11-9-99 to 10-3-08 except for a period ~~of~~ covering more than 3 years were received from the Range office and for the subsequent period from the present Depot Mutsaddy Mr.M.Narasinga Rao.

Bonded Depot Registers from 1-7-02 to 30-6-~~10~~ 07 and 1-7-07 to 30-6-12 were received from the Range office and Bonded Depot Mutsaddy respectively.

Proof registers from 1-7-02 to 30-11-12 excluding those for the year 1906-7 were received.

The previous Depot Mutsaddy Mr.Gundu Rao did not give satisfactory explanation for not producing his Depot Registers from 1896-7 to 1901-2 for audit.

Why "G" challans for 1902-3 were missing in the Excise Commissioner's Office

and why the Inspection books for the same year as well as Proof Registers and Inspection books for 1906-7 were not avail ablein the Range office are points requiring investigation.

6. Process of audit

The audit work was effective only in respect of the periods for which complete accounts were available.

From July 1896 to the end of December of that year, only the special Shroff book, Vottu Mutsaddy's day book, and Nagady Cash Book were available. For this period the entries in the special Shroff book were traced into the Treasury Book and Day Book. As pointed out later on in para 9 infra there were some discrepancies between the Vottu Mutsaddy's Day Book and special Shroff Book and the Treasury Cash book. The two latter books were invariably in agreement with one another and as the Bonded Depot Registers and other equally important primary records i.e., "G" challans &c were not forthcoming further investigation in respect of such items could not be made.

The next period then taken up was 1902-3 and in this year also complete records were not available.

The audit was conducted with a view to see:-

(1) Whether the amount received by the special Shroff from the shop keepers was duly remitted to the Treasury..

(2) Whether the quantity of arrack received in the Bonded Depot from the Distillery was duly accounted for and
(3) Whether there was any serious irregularity with reference to the consumption of proof liquor which was found to be unusually heavy in this Depot.

The correctness of entries in the special Shroff book was first arithmetically checked with reference to the table showing the amount of duty and price for different quantities and then the entries were traced into the Treasury Cash Book and Vottu Mutsaddy's Day Book. The receipts and issues in the Bonded Depot Registers were checked with the Distillery Issue Register obtained from the Distillery and with special Shroff Book respectively.

The quantity of proof spirit stated to have been utilized for adjustment was checked with the entries made in the Inspection book (available only from 1-7-02 to 11-8-02) and with the Proof Register.

As the Inspection books from 11-9-99 to 28-5-05 were available a detailed audit of the accounts was conducted with the main object of examining whether the consumption of proof liquor during the period was in order.

The accounts for the year 1911-12 for which complete records were available were also audited in detail.

Result of audit

7. From the examination of the accounts and registers thus conducted, so to say

piecemal, it has been found that there has been no defalcation of the kind that was discovered in Kolar Depot in 1905 viz., fradulent withholding of Government money by the special Shroff. But there were several other irregularities noticed, one of which is serious enough, which go to show that if the prescribed rules had been strictly observed by the responsible officers of the Excise Department a not inconsiderable loss of Government money could have been prevented.

8. The most striking feature was the enormous consumption of proof liquor in the Bowringpet Bonded-warehouse during the period under audit. The consumption in one year alone viz., 1906-7 was so much as 1092 gallons in this Depot as compared with 138 for all the other Depots of the province. The accounts connected with proof spirit were therefore thoroughly audited and statements 4 to 14 embodying the result of the enquiry, prepared and attached to the report.

(Proof spirit is defined to be "such spirit as shall at the temparature of 51 Fahrenheit weighs exactly 12/13 parts of an equal measure of distilled water". By careful experiment it has been found that this proof spirit contains 100 parts of alcohol and 103.09 of water by weight and 100 parts of alcohol and 81-82 water by measurement. Should the proportion of alcohol in the liquor be greater than what is stated above, it is called over proof

and if less, under proof).

Till 1909-10, the authorized strength of liquor was 20 U.P., and from 1st July '10 it was reduced to 25 U.P. as per amended Notification No.Fl:6126-S.R.235-09-3 dated 11th June 1910.

The margin of variation in the strength of liquor allowed to the Depot keeper and Vendors on account of evaporation and dri age is ·6, so that no person can with impunity issue liquor below the strength of 20.6 before July 10 or 25.6 since Vide Excise Commissioner's No.10068-75 dated 25th May 10. If under unavoidable circumstances, the liquor in the cask, in the store room, has become weaker than the authorized strength, it should not be issued to the Depot Mutsaddy without being adjusted i.e., raised to the authorized strength by adding proof spirit.

This spirit is obtained from the Distillery in the same way as ordinary liquor on indents sent by Bonded Depot keeper to the Distillery officer. But special care is required to be exercised by that officer before supplying proof liquor according to indent. For the Government pays for the proof spirit at the rate of one fourth as much again as for the cost of ordinary arrack and adjustment of weak liquor is made at the Depot at Government cost.

Clear rules have accordingly been laid down that the Distillery officer should issue liquor of such strength as will, after making allowance for evaporation and

~~drainage~~ driage during transit, not fall below the authorized strength with a view to prevent as far as possible the demand for proof liquor for adjustment.

The Local Revenue and Excise authorities on the other hand should report to the higher authorities whenever weak liquor is received from the Distillery so that such issue of weak liquor may be prevented and the consumption of proof spirit kept well under control.

From the year 1896-7 to the end of December 1907, it was found that 2775 gallons and 10 drams of proof spirit were received by the Bowringpet Bonded Depot. Excluding 58 gallons and 49½ drams, being the stock on hand on 31-10-07 the balance of 2716 gallons and 11½ drams (Vide statement No.4) represented the consumption of that period i.e., an average of 270 gallons per year the consumption in one year alone viz., 1906-7 having been 992-14.

Arrack rules Page 52 Excise Manual WLT

Under rule 6 of Part V of arrack rules framed in Notification No.11387 Ex.F. 3. 1901 dated 8-1-1902, arrack shall be issued to Depots of more than 50 miles from the Distillery at 5 cents or 10 cents above the authorized strength, according as the liquor is more or less than 10 days old and under para (1) of Contract Bond (Appendix S ii) to be executed by the Government Contractor for carriage of arrack and other country spirit to Bonded Depots, the carrying contractor holds himself responsible to Government for the correct delivery of

the requisite supplies of arrack at the authorized strength of 20 U.P ~~the~~ to the various arrack vend rentors or farmers and separate shop keepers in the said Bonded Depots, the only concession, shown by Government to him being a margin of 1½ per cent in the quantity on account of wastage.

Then again, according to the conditions of the license (Appendix R) issued to the Bonded Depot keeper he shall not keep in his Depot, offer for sale or sell or issue any arrack and other spirits except those supplied by the Government transporting Contractor, nor ~~keep~~ keep in his depot, offer for sale or sell or issue arrack or country spirit of any other strength than 20 U.P. The arrack or other country spirit kept in his Depot offered for sale or sold or issued shall be unadulterated and undiluted.

Then why is it that during the period under audit, large quantity of proof spirit was supplied by the Distillery officer and adjustment of weak liquor was made in the Bonded Depots at Government cost?

As no satisfactory explanation for the enormous consumption of proof liquor year after year is forthcoming, the total amount of about Rs.17,800, being the value of 2,700 gallons of proof spirit consumed during the period of 10 years 1896-7 to 1906-7, should have been recovered from the persons primarily responsible.

In Excise Commissioner's Circular No.6626-33 dated 21st January 1908 certain instructions are given regarding the method of accounting of proof spirit received in the depots for the purpose of adjustment of weak liquor. But the circumstances under which such adjustment may be made at Government cost are not specified. It is however presumed that proof spirit should be utilised to adjust weak liquor only in exceptional cases and after careful enquiry by the departmental authorities as to the reason why liquor that requires to be adjusted has fallen below the authorised strength.

In any case it was the duty of the several officers who found liquor in the casks of the store room to be weak and requiring adjustment before issue to have reported the matter immediately to the Distillery officer and to the Excise Commissioner for needful action.

From an examination of the records of the period 1896-7 to 1906-07, it was found that most of the casks issued were issued after adjustment. This should have attracted the attention of the several Excise officers.

Then again if the Distillery officers had exercised due care and prudence they might have noticed why heavy indents for proof liquor was received from the Bowringpet Depot alone in the province and have called for information as to the necessity

for large consumption of proof liquor in that Depot.

The following facts may be taken into consideration in discussing whether there was real necessity for the heavy consumption of proof liquor.

(1)The very same Bowringpet Depot has not used a single gallon of proof spirit for adjustment subsequent to December 1907.

(2) Against 2750 gallons of proof spirit utilized for adjustment in respect of the total quantity of arrack i.e. 5,74,918 gallons issued from the Bonded Depot during the period 1896 July to December 07 Mysore Depot consumed only 6 gallons of proof in issuing 2,30,643 gallons of arrack during the period (Vide statement 5)

The Mysore Depot is taken for comparison for the reason that the consignments from the Distillery are sent to Mysore by Railway a distance of 86 miles as in the case of Bowringpet. Further the Mysore Depot has received about 40 per cent of the quantity of arrack which Bowringpet received during the period in question.

(3) It is also found that at no time has any other Depot in the whole province received more than 8 gallons while Bowringpet indented for and received one hundred gallons of proof spirit on 4-4-07 in one consignment.

(4) It will also be seen later on that the quantity of proof spirit stated to have been utilized was not regulated in

accordance with the departmental rules, but that the quantity of proof liquor used has been determined arbitrarily.

(5) A statement showing the quantity of proof spirit stated to have been utilized by various officers for adjusting the weak liquor during the period under audit is prepared and attached to this report (Vide statement No.6).

From an examination of the entries in the statement it will be found that in over 300 cases of adjustment no recognised rule or formula was observed in adding proof liquor to bring the weak liquor to the authorized strength. The Casillas rules issued by the Excise Commissioner for the guidance of all officers, have been, so to say, set at naught. Vide Excise Commissioner's Circular No.5147-68/38 dated 17-6-'96 and statement No.7.

(6) Statement No.8 shows the cases in which the liquor at the Depot at the time of issue was much below the authorized strength by so much as 2.7 degrees, while the strength issued was 19.8 or 20 U.P. Not one of these cases was reported to the higher authorities or Distillery officer.

(7) Statement No.9 shows the alteration of original entries within the authorized strength by overwriting in quite different ink so that some quantity of proof spirit may be accounted for as utilized for adjustment.

(8) In statement No.10 are shewn the several cases in which a certain quantity of liquor was adjusted i.e., raised in

strength without mentioning the exact quantity of proof spirit utilized so that any quantity which the Depot Mutsaddy may choose to account, may be entered in his register.

(9) Statement No.~~12~~ 11 shows the cases in ~~w~~ which the contents of the cask on tap are stated to have become weak and to have been adjusted without ascertaining why the liquor in the cask on tap became weak.

Under the rules the Bonded Depot keeper was liable for prosecution if the liquor in the cask on tap was weaker than that in the sample bottle.

(10) In statement No.12 collection is made of the cases where one and the same quantity of proof spirit was used to raise liquors of different strengths to the required strength.

(11) While statement No.~~14~~ 13 shows that dif ferent quantities of proof spirit were utilised for raising liquors of one and the same strength to the required strength.

(12) In~~s~~ statement No.14 are mentioned ~~to~~ 11 cases where more quantity of proof spirit was stated as utilized than what was required according to the departmental rules. In one case the quantity of proof liquor required to be added as per rules was 1~~8~~9-1d while that stated to have been used was 2-41.

The following are the other irregularities noticed in the course of audit:-

I Special Shroff Book.

(1) The present special Shroff has given security to the extent of Rs.1000 but the amounts that were allowed to re-

remain with him were very large as noted below:-

On 2-10-'11 ... 5543 4 2
" 27-12-11 ... 4485 12 10
" 16- 1-12 ... 4809 2 10

The previous special Shroffs who had given only Rs.500 as security were allowed to keep in their custody so heavy sums as Rs.8502-0-6 and 6078-11-9 on 13-10-02 and 15-11-09 respectively.

The daily work of the special shroff was not examined by the Sheristedar or any responsible official.

(2) It was found that challans were posted in the Kirde not at the time of issue to the Licensees but only on the day of remittance of the amounts to the Treasury (Vide statement No.2).

This is a serious irregularity which should be immediately rectified. All the challans issued in a day should be immediately entered in the Shroff's Kirde. The totals should be struck and agreed with the amount on hand.

(3) Many corrections, interlineations and overwritings are found in the Kirde for 1902-3 (Vide statement No.3). But in the absence of the challans for the period it could not be ascertained why these corrections &c were made.

(4) The Treasury credit certificate was not invariably obtained for the amounts remitted to the Treasury by the Shroff in his Kirde during 1902-3 and 1903-4.

The following are some of the discrepancies found in the Treasury credit certific

Date	Amount credited.	Treasury credit certificate.
15-8-96	330-9-6	300-9-6
29-12-96	465-10-0	645-10-0
30-12-11	3543- 1-4	3583- 1-4

(5) During 1911-12, the special Shroff did not distingtly state in his ~~Kri~~ kirde whether the amount received by him was for Jaggery or Molasses arrack. This should be clearly stated as there is difference in price between the two sorts.

(6) From a ~~dif~~ference to the list of special Shroffs, who have worked during the period of audit, it will be seen that ~~our~~ one B.Rama Rao was appointed to act for special Shroff on various occasions and for pretty long periods. It is learnt that this individual is the son of the present Depot Mutsaddy Narasinga Rao. As the accounts maintained by the one should serve as an effective check on the account of the other it is necessary for obvious reasons that special care should be taken in selecting men for the place of specia shroff.

II Day Book.

(1) This book was not checked and signe by the Taluk authorities during 1896-97,1902-3 and till 30th June 05. Again from 23 January 1911 to 27th March 1911 the boo was not examined at all.

(2) The following are some of the im tant discrepancies between the Day B and special Shroff Book. As the Dep Registers or "G" challans for the per were not available further investig-

in respect of these discrepancies could not be made.

(a) Rs.27-15-0 are entered as amount collected on 5 gallons in the Day Book against dated 11-8-96 while Rs.23-4-6 are entered in Kirde and Cash Book.

(b) On 12-9-96 Rs.242-3-0 are entered in the Day Book as amount collected on 52 gallons while both the cash book & kirde show only Rs.237-7-6 on 51 gallons.

(c) Rs.111-13-0 are entered in Day Book against 2-11-96 as amount collected on 26 gallons while in the cash book it is shown as amount collected on 24 gallons.

(d) Rs.232-13-0, entered in the Day Book against 5-11-96 as amount collected on 50 gallons, are omitted in the Cash Book and Kirde.

(3) Details do not work up to the total

Date	Total as per details.	Total entered.
1-4-03	2879-10-10	749-15-0
2-4-03	1620- 8- 6	1589-10-6
14-4-03	2545-10- 7	3045-10-7
13-5-03	1898-14-7	2898-14-7
30-6-03	1281-14- 0	1381-14-0

(4) Totals not entered-

Vide dates 22-4-03, 24-4-03, 27-4-03, 1-6-03 and 15-6-03.

(5) Day Book not posted Vide 12-5-03.

These discrepancies show that the day book was not written up with care and that the entries in the Shroff's Book were not checked with reference to it.

III "O" Register.

(1) The Registers are not examined and signed by the Amildar during 1902-03 as required by rules.

(2) Till the end of July 1906 only the daily totals of the "N" extracts were posted in this register.

(3) Entries made in this register were not checked by the Taluk authorities till 14-9-07.

(4) The following discrepancies apparently due to error in copying the entries in the "N" extract were found in this register.

On 14-7-10, 21 gallons instead of 51 were entered as issued.

On 16-7-11, 52 instead of 2 entered.

On 27-7-11, 24 instead of 54 and

On 10-3-12, 38 instead of 18 were entered

But in all these the total issues were correctly copied.

IV.

(1) On the arrival of a consignment, officials drawing Rs.15 were sometimes deputed for receiving the consignment and for making entries in the "K" Register regarding the state of casks &c and these were not attested either by the Amildar or Sheristedar even when the casks were received damaged. This was contrary to rule 4 XXIV page 64.

(2) "J" passes were not properly filed till 1909-10 and many of the passes for earlier years were not available in the Taluk Office. They were not crossed at the time the original pass was cancelled. Passes pertaining to the recent year

1911-12 viz., for the months December '11, January, April, May and June 1912 were not forthcoming.

(3) The entries in the "K" Register were not checked with those in the original J pass by the Vottu Mutsaddy before they were submitted to the Excise Commissioner as required in para 9 XXIV of Arrack Rules framed in No.11387 Ex.F. 3. 1901 of 8th January 02. No column was provided in this register for noting the date of arrival of the consignment at the Depot. This register did not seem to have been scrutinized by the Amildar or Taluk Sheristedar every week or fortnight as required by rules. Some of the passes during 1902-3 and 1910-11 were omitted in this register. The monthly total quantity was not invariably entered. No mention of any reference of report having been made to the higher authorities regarding the arrival of weak liquor at the Depot was made in the last column of the Register.

(4) The "G" challans are now printed in the following order, so that when removing the foils intended for the Taluk Treasury and the Vottu Mutsaddy the foil to be given by the Licensee to the Depot keeper has also to be taken out.

It would be some convenience if the foils be arranged in a slightly different order as follows:-

(a) Licensee
(b) Bonded Depot keeper
(c) Vottu Mutsaddy

(d) Taluk Treasury.

so that the last two foils may be torn easily by the special Shroff.

The original "G" challans, presented to the Treasury by the special Shroff were not countersigned by the Treasury officer as instructed in para 4 of Excise Commissioner's No.2554-90 dated 4th September 1897.

(5) Stock Register of Challans books.

This is not properly maintained. No column is provided in this register for showing the stock on hand at the beginning and end of the month, though the form prescribed by the Excise Commissioner in his No.8108-09 dated 11th April '11 contain columns for receipts, issues and balance on hand. This book is not examined by the local authorities.

10. (1) In the Bonded Depot Register for 1902-3 from which year alone the registers are available these are alterations, knife erasures and interlineations (Vide statement No.15. During this year there are similar alterations etc., in the special Shroff book But unfortunately the exact significance of such alterations could not be ascertained in the absence of "G" challans for that year nor were the Inspection books and "G" challans for 4 were available in the Range office and in the Excise Commissioner's Office respectively.

(2) The number of cask was not invariably filled in the column provided for the purpose.

(3) Till about July '10 the Depot keeper was not in the habit of entering the exact quantity issued from each cask when issue was made from more than one cask.

On that date the following remark was made by Mr.Mahomed Zaharudin Meccai, District Excise Officer ~~officer~~

"Again it is found that the actual issues are different from those shown in the register. For he (Depot keeper) has issued from cask No.A.566 not 5 gallons but only 4-19 and he added 32 drams from cask No. A.575 to make it 5 gallons. The explanation of the Depot Mutsaddy that it has not been the mamool(practice) to show such issues from different casks, is unsatisfactory. His object seems to have been to save himself the trouble of making the entries in detail. But as the entries will not otherwise give a correct idea of the issues for the several casks; he has been warned to give the actual issues and to avoid make shift entries."

Subsequent to this inspection of Mr.Meccai, the quantity issued from each cask has been entered in the Depot Regist Nevertheless, there have been cases in which the shortage in stock was not prope ly accounted for nor were such discrepancies noticed by the Inspecting officers.

Some of the instances in which such shortage in stock was noticed in audit are enumerated in statement No.16.

11. <u>Concluding remarks.</u>

11. Concluding remarks.

It is seen from the foregoing paragraphs that though the audit was conducted at very great disadvantage for want of complete vouchers and records, various irregularities, more or less serious in their nature were noticed as having existed during the period under audit, and that in any case considerable loss of Government money resulted by the failure of the responsible officers, viz., the Excise Inspectors and others to observe the rules laid down for their guidance. During this audit it has not been possible to determine the extent of loss due to each individual officers neglect. It is believed however that sufficient materials have been collected to enable the Excise Commissioner to continue the investigations in respect of any particular class of irregularities, and that the few suggestions made in the report will if adopted tend to minimise chances for malpractices.

A list of officers who passed the indents and issued proof liquor and of those who as inspecting and controlling officers should have noticed the large consumption of that liquor is appended to this report as statement No.17.

M.K. Krishnaswami
Deputy
Auditor of the
Excise Accounts
10/9/13

Assistant Comptroller

calls for the remarks of the Excise Comm.

G. R. S. 26] 269

File No. 70-13
Serial No. 3

Diary No. of letter replied to 1279

No. H 1824
dt 10-10-13

General and Revenue Secretariat
(SR)
, *the* 191 .

To

The Excise Commr in Mysore.

Sir,

Date of issue 10-10-13

Signed by W Rajagopala

I am directed to invite your attention to the report on the audit of Excise accounts of the Bowringpet Taluk, forwarded to you by the Comptroller to Govt. with his letter no. 1840/LAD129-3 dt 5th August/12th Septr 1913 and to request you to be so good as to favour Govt. with your remarks thereon at a very early date. I have etc

Dues Spl for Secy to Govt
2 6/9

over.

H 73 SW 269
19/5/13.

SUBJECT.

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

No. 3712
L.A.D.403-4.

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Enclosure – 1. Audit Report.

Dated Bangalore, the 3rd December *19*13.

15

FROM

J. S. CHAKRAVARTI, ESQ., M.A.,
F.R.A.S., etc.,
Comptroller to the Government of
His Highness the Maharaja of Mysore.

DIARY No. 22
10 13 19
SECTION 8 N.
FILE No. 70-13
SERIAL No. 4

To

The Excise Commissioner Esq.,
in Mysore,
BANGALORE.

SIR

In continuation of my letter No.1840-41/L.A.D.129-30 dated 5th August 1913 forwarding the Audit Report of the special audit of the Excise Accounts of the Bowringpet Taluk, I have the honour to forward herewith for your information and necessary action the audit note drawn by the Special Auditor embodying the result of the audit of the Excise Accounts of the Bangalore Taluk from 1st July 1896 to 30th June 1912 and to request that you will be so good as to return at an early date with your remarks and note of the action taken in respect of the several irregularities pointed out.

I have the honour to be,
Sir,
Your most obedient servant,

3713. & 1.12.13 (Encl one Report.)
L.A.D 404

(Sd/-) J.S. Chakravarti,
Comptroller.

C.V.

Copy forwarded to General and Revenue Secretary for information of Government with a copy of the Special Auditor's report with reference

reference to Government Order No.1060-1/S.R.180-11-2 dated 5th September 1912.

Comptroller.

Date.	Shortage.	Excess
	£ D	
1-10-09	0- 48½	...
23-1-10	1- 23	...
31-1-10	0-11	...
19-2-10	0-24	...
10-2-12	...	1-0

7. It is to be observed that the discrepancies pointed out in the above paragraphs could have been avoided if the several registers were all posted up directly from the foils of "G" Chellans and were periodically examined both by the Taluk and Excise authorities as required by rules.

M. K. Viraraghavan
Superior
Auditor,

17-11-13

~~Asst. Comptroller.~~

Report on the audit of the Excise Accounts of the ~~Bangalore~~ Special Shroff of the Bangalore Taluk as ordered in Government Proceedings No.Fl:1060-1/L.R.180-11-2 dated 5th September 1912.

The audit was conducted by special auditor M.K.Krishnasawmi Iyengar

It was commenced on 5th May 1913 and completed on the 6th September 1913.

The period occupied excepting holidays was 90 days.

During the period under audit the names of officials who did the duties of the Special Shroff are noted in Statement No.1.

The audit was required to be conducted ~~xxxxx~~ from the date when the system of Karcing ~~heavy~~ special shroffs to receive Excise collections was first introduced, viz., July '96 i.e., for a period of 16 years from 1st July '96 up to 30th June 1912.

But as the registers records called for for examination were not completely available for all the years the audit was as detailed in para 4 supra confined to the examination of the accounts of such years the records of which were completely produced.

2. The stock of arrack in the Bonded Depot was examined by the Taluk Sheristedar Mr.Chinnasawmi Naidu in the presence of the auditor on 6th August '13 and ~~I~~ it was found to agree with the quantity shown by the Bonded Depot keeper in his accounts. The liquor in cask

on tap No:389 and the same bottle was examined and the strength of the liquor in them was found to be 25 and 24.6 respectively.

3. The following registers were requisitioned by the auditor for all the years.

Taluk Office.

1. File of J.passes.
2. "K" Register
3. File of "G" challans
4. Stock Register of "G" challan books.
5. Special Shroff Bangalore City Register.
6. Special shroff sur charge Register.
7. Special shroff Taluk Register.
8. Day Book
9. "O" Register.

Arrack Bonded Depot.

10. Bonded Depot Register.
11. Inspection book
12. Proof Register.

General remarks.

Even though previous intimation of the audit had been given, and a requisition to have all the connected registers and records kept ready for audit sent to the Taluk Office long before the commencement of audit it was found that proper steps had not been taken to have the above named registers records ready for audit on 5th May 1913 when the audit work was taken up. After repeated representations by the auditor to the Amildar, the Assistant Excise Inspector who had previously been the Vottu Mutsaddy of this Taluk was 25 days after deputed to procure and arrange all the required registers and this latter offi-

Official was able to give a complete list of all the registers available only during the last week of the period of audit-(Vide Memo No.2).

The Special Shroff account books prior to 1904-5 were not produced for audit. The audit was thus conducted only for the period subsequent to that year at a very great disadvantage; and it would have been finished much earlier than 90 days if the registers had been properly arranged and produced.

5. Process of audit.

The receipts and issues in the Bonded Depot Registers were checked with the Distillery Issue Registers and "K" Registers and with Special Shroff Book respectively. The correctness of entries in the Special Shroff book was also checked with reference to the table of duty and price and then the entries were traced into the Treasury Cash Book and Vottu Mutsaddy's Day Book and "O" Register.

The Sur. charge register, maintained for noting the collection made at the rate of 4 As per gallon for the excess over 55 gallons purchased by the shop keepers of the City, was also examined with reference to the entries in the City Special Shroff Book and the collection was also traced into the Treasury Cash Book.

6. Result of audit.

The general result of the audit is satisfactory. But several irregularities involving violation of the following rules were noticed in the course of audit.

I Special Shroff Book

(1) The special shroff has given security of Rs.1000/- but the amounts that were allowed to remain with him were very large as noted below.

Date		Amount.
9-10-05	...	9025-10-6
18-10-07	...	7550 -8-4
15-10-10	...	9391- 5-9
9-10-11	...	7002-14-8

(2) The special shroff has ~~received~~ received money from the licensees with "G" challans prepared on stray pieces of paper in nearly 25 per cent of cases- Contrary to Para 1(b) XXI Arrack Rules.

(3) It was found that chellans were posted into the Kirde not at the time of issue to the Licensees but copied subsequently from the Irsal-patty before the money was remitted to the Treasury along with it. This has led to the following discrepancies noticed between the quantity issued and the amount collected thereon in the special shroff Kirde and these discrepancies were overlooked by the Treasury officials at the time of giving the Treasury credit certificate (Vide Excise Commissioner Cir. No.6457-64 dated 7-2-1911

City Book

	Date	Page	Serial No.	As per challans Amount Duty			Price			Quantity	As per Special Shroff Books Amount Duty			Price		
1	20-2-1909	7	8	38	0	0+	5	7	4	8	28	8	0+	4	1	6
					=	43	7	4				=	32	9	6	
2	3-4-10	45	5	23	12	0+	3	6	7		27	8	0+	6	13	2
					=	27	2	7				=	34	5	2	
3	24-4-1910	653	14	66	8	0+	9	8	10		76	0	0	10	14	8
					=	76	-0-	10				=	86	14	8	
4	28-8-1911	602	18	85	8	0+	14	13	0		88	0	0+	14	13	0
					=	100	-5-	0				=	100	-5-	9	
5	13-12-1910	368	9	42	12	0					4	12	0			
6	11-7-1911	231	15	71	4	0					61	4	0			
7	1-7-1911	11	24				19	12						9	12	0

Talukbook. Receipt 620 Quantity 4
(3) Date 6.8.11 82

A sum of Rs.22-4-8 was omitted in the details but included in the total.

(4) It was also observed that the original entries in some of the challans were altered by overwriting and correction as noted below:-

Serial No.	Receipt No. and date.	Number of gallons. Original	altered.	Amount Original	altered.
1	75 / 8-4-10	4	3	21-11-8	16-4-9
2	96 / 10-4-10	4	3	21-11-8	16-4-9
3	114 / 11-4-10	4	3	21-11-8	16-4-9
4	468 / 16-12-10	16	14	Duty 76-0-0 Price 13-2-8	Duty 66-8-0 Price 11-8-4
5	603 / 28-6-12	20	18	111-7-4	100-5-0

As the alterations in all these cases reduced the amount purported to have been received, the other foils were called for from the District Treasury and Excise office and similar corrections were observed in them. Attempts were then made to get from the shop-keepers their chellan books or their account books with a view to ascertain when and for what purpose alterations in the chellans were made, and whether they were for the illicit disposal of arrack found in excess by dilution of water or by short measurement &c. But the attempts proved unfruitful as none of the shop-keepers produced their account books.

The foils of the chellans and statements received from the shop-keepers are attached to the report (Vide statement Nos. (3 to 5).

(5) The following are some of the discrepancies found in the Treasury credit certificates.-

Date	Amount credited.	Amount certified.
3-3-08	97-12-6	79-12-6
6-4-10	21-11-8	21-11-0
6-12-10	11-2-4	11-9-4
21-2-12	574-0-2	572-0-2
4-6-12	0-12-0	12-0-0

II Day Book.

The following are some of the differences between the entries in the Day Book and "G" Challans.-

Date	Quantity		Amount	
	As per Day Book	As per "G" Chellan.	As per Day Book	As per "G" chellan.
27-9-11	2	8	11-2-4	44-9-4
28-9-11	12	12	9-14-0	66-14-0
9-10-11	4	8	22-4-8	44-9-4
11-12-11	18	18	33-7-0	100-5-0
24-4-12	5	5	4-1-10	27-13-10
24-4-12	13	13	10-11-2	72-7-2

These discrepancies show that the entries in the Day Book were not posted up with care from "G" chellans and also not checked with those in the Shroff's book. (Vide Excise Commissioner's Cir. No.6581-630 dated 6-4-'99).

The Vottu Mutsaddy did not apparently exercise an effective check over the work of the special shroff.

III "O" Register.

(a) Issue of 10 gallons instead of 14 was entered in this register on 6-3-08 .

against receipt No.10.

(b) Issue of 200 gallons made on 4-4-10 was altogether omitted in this register.

(c) For the month of June 12 entries of 5 dates only are posted though issues have been made during the whole month.

IV. Stock Register of Challon books.

Columns are not provided in this register for showing the stock on hand at the beginning and end of the month though prescribed by the Excise Commissioner in his No.8108-09 dated 11-4-11. The return of the used books by the shop-keepers to the Taluk Office was not properly watched. Some of the ~~last~~ books of the year 1911-12 were not obtained though the rules require the issue of new books only on and after obtaining the old ones (Vide statement 6).

V. J.passes.

These passes were not properly filed nor were they crossed thus x (Vide para 9 of XXIV of Arrack Rules).

VI. Bonded Depot Register.

(a) The following are some of the cases noticed in which the quantity issued and the amount of collection entered differ:-

Receipt No. and date.	Quantity issued.	Amount shown as collected. Duty	Price.
450 16-7-10	9	66-8-0	11-8-4
	instd. of	42-12-0	7-6-6
788 26-12-10	4	9-8-0	1-10-4
	instd. of	19-0-0	3- 4-8
553 26-8-11	11	42-12-0	9-0-10
	instd. of	52-4- 0	9-0-10
178 8-12-11	6	38- 8-0	4-15-0
	instd. of	28- 8-0	4-15-0
8 1-2-12	19	190- 4-0	15-10-2
	instead of	90 - 4 - 0	15-10-2
21 2-2-12	14	78- 0-0	11-8- 4
	instd. of	66- 8-0	11-8- 4

(b) The following original entries were altered by overwriting.-

Receipt No. and date.	Original entry. Quantity	Amount	Altered entry Quantity	Amount
258 12-6-12	14	66-8-0	13	61-12-0
448 29-6-12	4 -D	19-0-0	2	9- 8-0
	P	3-4-8		1-10-4

(c) During the year 1911-12 the "G" chalan foils which were presented at the Depot by the shop-keepers were not forwarded to the District Excise Office with the usual list (Vide Excise Commissioner's Cir. No.3091-98 dated 1-11-07) on the ground that the Taluk Treasury authorities refused to give credit certificates thereon for want of detailed entries in the Cash Book.

(d) There ~~has~~ have been several instances of heavy shortage and excess in the quantity of the cask on tap and the ~~value of~~ shortage was so much as 3 gallons and 4 drams on the 17th December '10 ~~and was~~ the value of which was recovered from the then Bonded Depot keeper.

Gl. 17]

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government window dilivery No. 6, Bangalore.

No. 1438
L.A.D 158.
Encl: One.

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 19th August *191* 4.

DIARY No. 792

10/4/15
SECTION SR
No. 70-C.
No. 8.

FROM

Diwan Bahadur,
J. S. CHAKRAVARTI, ESQ., M. A.,
F. R. A. S., ETC.,
Comptroller to the Government of
His Highness the Maharaja of Mysore.

To

D.M.Narasinga Rao, Esq., B.A., B.L.,

Offg: *Secretary to the Government of Mysore,*
General and Revenue *Department.*

SIR,

In continuation of this office Memo No.3713/L.A.D.404 dated 1st December 1913, I have the honor to forward herewith for information a copy of letter No.150 dated 15th August 1914 to the Excise Commissioner in Mysore, forwarding for needful action the special auditor's report on the audit of the Excise accounts of the Mysore Taluk, with reference to Government Order No.1060-1/S.R.180-11-2 dated 5th September 1912.

I have the honor to be,

Sir,

Your most obedient servant,

JSchakravarti

Comptroller.

V.U.C

Rec.—Gl. 17]

.....Department

FROM 19 .

J. S. CHAKRAVARTI, ESQ., M. A.,
F. R. A. S., ETC.,
Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

.....Esq.,
Secretary to the Govt. of Mysore.
.....Dept.

Dated

Despatched 21/8/41

Received

No. 1438 & 1439
158

Subject matter.

Forwarding copy of Lr
No 150 & 151 dated 21/8/41

Letter No.1344/L.A.D.150 dated the 23rd July 1914 from Diwan Bahadur J. S. Chakravarti Esq., Comptroller to the Government of Mysore to The Excise Commissioner in Mysore, Bangalore.

Rno 4 in file (Pages 1 to 2).

In continuation of my letter No.3712-3/L.A.D.403-4 dated 1st December 1913 forwarding the audit report of the special audit of the Excise accounts of the Bangalore Taluk, I have the honor to forward herewith for your information and necessary action the audit note drawn by the special auditor embodying the result of the audit of the excise accounts of the special shroff of the Mysore Taluk from 1st July 1896 to 30th June 1913 and to request that you will be so good as to return it at an early date with your remarks and note of the action taken in respect of the several irregularities pointed out.

"C o p y"

Examiner

Record Department.

Report on the Audit of the Excise Accounts of the special Shroff of the Mysore Taluk as ordered in Government Proceedings No.Fl.1060-1 L.R.180-11-2 dated 5th September 1912.

------- 0 ------

The audit was conducted by the Specia Auditor M.K. Krishnaswami Iyengar.

It was commenced on 8th September 1913 amd completed on 19th December 1913.

The period occupied excepting holidays was 78 days.

3. During the period under audit the Officials as per (statement No.1) were doing the duties of the Special Shroff.

4. The audit was required to be conducted from the date when the system of having special shroff to receive Excise collections was first introduced., Viz., July 1896.

It covered a period of 17 years from 1st July 1896 to 30th June 1913.

5. The actual cash with the special shroff was examined by the Taluk Sheristadar in the presence of the auditor on 30th September 1913 and found to tally with the amount shown in his Kirde. The stock of arrack inthe bonded Depot was examined by the Amildar in the presence of the Auditor on 29-11-1913 and was

was found to agree with the quantity shown in the Bonded Depot Register.

8. The following registers etc., were requisitioned by the Auditor for audit.

1. "J" Pass
2. "K" Register
3. "G" Challans
4. "Special Shroff Book"
5. (a) Sur Charge Register.
   (b) Consumption Book.
6. Day Book
7. "O" Register
8. Bonded Depot Register.
9. Proof Register.
10. Inspection Book.

But no "J" Passes from 1896-7 to 1908-9 were available in the Taluk Office.

"G" Challans from 1907-8 to 1910-11 were not filed in the Taluk Office. Counterfoils of these challans were however obtained from the District Excise Office and some of the licenses and checked with the Special Shroff's Day Book. The Day Books from 1896-97 to 1906-7 and "O" Registers from 1896-7 to 1901-2 were not produced for audit. The accounts of the year 1912-13 were subjected to detailed audit and for the remaining years the accounts ~~are~~ of one selected month during the incumbency of the various special Shroffs were examined in detail. As it was found that the ~~mileage~~ Surcharge Account maintained by one of the Shroffs Ramachandra Setty required fuller examination his ~~mileage~~ Surcharge register for the periods from August 1901 to 13 -2 -02,

and August and September 1900 and for April 1901 was also audited.

Result of Audit.

7. The audit has disclosed the following irregularities:-

(1) The special shroff was allowed to keep in his hands pretty large sums of money collected by him for a number of days and prompt remittance of the collections made by him in any day or the same in the next office day was not insisted upon.

(2) In a number of instances the dates of collections as originally entered by the special shroff were found altered correspond to with the dates of remittance to Treasury.

(3) Several instances were noticed of alterations having been made by the special shroff in his day book to reduce the quantity of arrack and its duty and price as originally noted and entered in his book without assigning any reason for such alterations. As it was found on a comparison with the Treasury foils and licensees' challans that corresponding alterations existing in them also. The fact of alterations may not by itself amount to a serious irregularity. As the alterations are not a few the matter looks suspicious and requires departmental investigations.

(4) Ramachendra Chetty who was special shroff from 5-6-1899 to 25-9-1900 and from 1-2-01 to 10-2-02 (and now Sayer Daroga of the City Municipality) did not remit to Treasury the daily surcharge collections made by him along with the duty and price of

arrack but withheld them till about the end of the month and remitted them to treasury in lump sums. In so doing he failed to bring to account 2 amounts viz., a sum of Rs.3-4-0 and Re.1/- related to the months of September 1901 and September 1900 respectively and which have to be recovered from him and credited to the Mysore City Municipality. The failure to credit the 1st sum of 3-4-0 was brought to the notice of the Deputy Commissioner and a copy of the communication received from him in the matter is herewith attached (Vide No.12).

(5) Unusually heavy consumption of proof spirit was noticed in the months of December 1911, February 1912 and February and March 1913; it was also found that an excess quantity of 3 gallons was received as as utilised in making the required adjustment.

8. The above irregularities as well as the minor ones noticed in audit are dealt with in some detail in the following paragraphs.

(a) Alterations in Challans-

During 1912-13 the original entries of dates of challans were altered by the special shroff in a number of instances with a view to remit the amount on other than the dates of collections (Vide statement No.2). In the following two cases the amounts were brought to account on the next day which all the foils of challans show that the amounts were collected on the previous dates.

Shop	Quantity	Amount	Date of challans	Date of entry in the special shroff book.
11	3	17-7-6	21-12-12	22-12-12
8	9	52-2-6	25-3-13	26-3-13

During the period the carrying contractor himself took up all the shops of the city and he was remitting the amount, daily for the quantity required by the shop keepers to the special shroff and the Vendor of each shop was receiving the quantity from the Bonded Depot keeper the chellans being sent directly by the special shroff to the Bonded Depot keeper.

2. It was also observed that the original entries of quantity and the amount of collection in many of the challans were altered by overwritings and corrections. (Vide statement No.3). Corresponding corrections were found in the other foils obtained from the District Excise Office and Treasury.

(b) The following are some of the corrections found in the account books.

Date.	Shop No.	Quantity. Original entry.	Altered entry.
10-10-07	7	8	6
19-11-07	7	7	6
13-9-08	13	4	2
5-8-09	3	6	5
	Similar corrections were made in the Bonded Depot Register.		
18-8-09	4	7	6
8-10-09	2	6	5
9-10-09	13	4	3
26-10-09	11	10	8
4-12-09	18	4	3
28-2-10	13	All columns erased.	
26-4-10	17	6	4
1-6-10	17	8	7

Permit books also contain the following alterations made in the entries made of the quantities issued by overwriting and erasure.

3-10-08	8	3	2
20-12-08	10	6	5
27-1-09	8	3	2
31-1-09	10	7	6
28-8-09	16	5	4

C. Special Shroff book.

(1) Many corrections interlineations and overwritings were found in this book (Vide statement No.4)

(2)(a) Rs.828-7-8 being the collection made from 28 to 30th August 1900 were remitted to the treasury on 31st through treasury was opened for transaction on 30th as also Rupees 370-8-0 collected on 30th April 01 were remitted on 2nd May 01 although the treasury was opened on 30th April and 1st May 01.

(b) Rs.1441-13-0 were remitted to the treasury

on 3-10-02 while the total amount collected from 30-9-02 to 2-10-02 aggregated to Rs.1457-10-0 the difference of Rs.15-13-0 being remitted on 6th October 1902.

(c) Rs.2429-6-0 were remitted to the Treasury on 13-10-02 while the collection from 10-10-02 to 12-10-02 amounted to Rs.2445-3-6 the balance of Rs.15-13-6 being remitted on 25-10-02.

(d) Rs.593-12-9 & 638-0-4 collected on 30-10-12 and 11-6-13 respectively were remitted on the subsequent dates though the treasury was opened for transactions on those dates.

3. Treasury Credit Certificate was not invariably obtained in the Special Shroff Book during 1902-03.

4. The following are some of the discrepancies between the special Shroff Kirde and the shopkeepers account Book.

Date.	Shop No.	Quantity. As per special shroff Kirde.	As per account Book.
1-9-09	12	3	4
24-4-10	9	nil	4
29-4-10	9	nil	4
21-8-09	15	4	4

On 20-8-09 the serial No.15 and shop No.15 were entered in the Special Shroff Book and other columns were left out.

9. Sur Charge Register.

From November 1897 to December 1899, the Sur charge amount collected by the special Shroff at 4 annas per gallon taken by each Shopkeeper over 55 gallons in a month,was being entered i

n a register showing the excess quantity
nd the amount collected thereon from each
hopkeeper. The amount thus shown was re-
itted to the Treasury the credit certifi-
ate not being obtained invariably in that book.
uring this period no register seems to have
een maintained for showing the quantities taken
y each shopkeeper daily and up to date so that
he local authorities might verify whether the
pecial Shroff had duly brought to account all
he amounts due from the shopkeepers for the
xcess quantity taken by them over 55 gallons.

Subsequent to December 1899 the above -
mentioned Sur charge Register was discontinued and a
consumption book showing quantities taken by each
shopkeeper daily and up-to-date, was maintained.
The amount of Sur charge was remitted to the
Treasury daily in a lump sum on challans.

On account of the discontinuance of the
former register the Taluk authorities were not
able to check whether special Shroff had brought
to account all the amounts daily collected by him
from each shopkeeper on the quantities taken over
55 gallons. Nor did they verify the total amount
remitted by him daily to the Treasury with the
amount due as per special shroff consumption book.
For want of this supervision and the maintenance
of the two registers simultaneously, One Rama-
chandra Chetty who was special shroff from 5-5-99
to 25-9-00 and from 1-2-01 to 13-2-02 and who is
now Sayer Daroga on Rs.70/-. in the Mysore Munici-

pality

Municipality was withholding a portion of the Sur charge amount daily from 10th to 25th of every month and making good of the same during the latter portion of the month though he was regularly remitting to the Treasury daily, the duty and price collected from the shopkeepers on the quantity taken by them thesur charge amount being credited to Municipal Funds.

The four statements (vide Nos. 5 to 8) for May and July 99 and August and September 1901, herewith submitted will show some of the following irregularities found in the Surcharge accounts maintained by Ramachandra chetty.

(i) a. From Statement for ~~January~~ May 1899, it may be seen that the amounts of Surcharge due on the quantities taken on 15th, 16th, 21st and 25th were not brought to account on the said dates though the duty and price collected thereon were duly remitted to the Treasury.

(b) That annas eight were collected in excess on 19th, 20th & 29th so thatthe amount collected on other dates to that extent from their shopkeepers may nt be brought to account.

(c) that in the course of making good, of the amount collected on subsequent dates the following sums were not brought to account at all.

Shop No.	Amount outstanding.
4	1- 4- 0
1	0- 4- 0
18	0- 4- 0
Total	Rs. 1-12- 0

2. (a) From that for ~~July~~ July 99 it may also beeseen that from 9th to 28th the actual amounts of sur charge due on the daily consumption were not brought to account daily but made good on 31st which may be seen from the fact that Rs.18-4-0 which is the Sur charge on 73 gallons were brought to account on that date while only Rs.10/- were actually due on 40 gallons taken on 31st over 55 gallons.

(b) In this month also a sum of Rs.1-8-0 due as detailed below.

Shop No.	Amount.
2	0-12-0
3	0- 4-0
18	0- 8-0
Total	1- 8-0

were not brought to account but adjusted by making excess collections from the undermentioned Shopkeepers.

Shop No.	Amount.
8	0 - 8 - 0
6	1 - 0 - 0
Total Rs.	1 - 8 - 0

(c) That, though no quantity was consumed by licensees of shop Nos. 3 and 12 on 31st July 1899 Rs.1-12-0 and 0-4-0 were shown in the accounts as collected from them as sur charge on 7 gallons and 1 gallon respectively.

(3) Again in the Statement for August 01, prepared from the consumption book as the sur charge ~~register~~ register was discontinued it may be seen that a portion of the sur charge amount due was withheld daily from 15th to 27th and made good on

on 30th and 31st August 01.

4. Statement for september 01 shows how Rs.3-4-0 were altogether not remitted to the Treasury in the course of withholding a portion of surcharge amount due daily and making good of such amountsat the end of the month.

5. Besides, on 26th September 1900 Ramachandra Chetty handed over charge to one Subba Krishna Chetty. Till 25th Rs.180-4-0 became due on 721 gallons taken in excess over 55 gallons and out of this amount only Rs.165-8-0 were remitted to the Treasury leaving a balance of Rs.14-12-0 unremitted. Of this amount a sum of Annas 12 was made good on 26th September another sum of Rs.13/- was found included in the remittance of Rs.27/- made on 1st October 1900 i.e. six days after he handed over charge to his successor as being dueon account of Sur charge on 108 gallons and stated to have been ~~checked~~ collected on 30th September 1900. though as a matter of fact the total quantity of arrack issued on that day was only 59 gallons and the sur charge amount was ~~nearly~~ due only on 56 gallons and amounted to Rs.14/- . There was thus a short remittance of one rupee on this account by Ramachandra chetty as noted below:-

Date.	Quantity.	Amount Due.	Amount remitted.	Short remittance.	Excess remittance.
25th september 1900.	721	180-4-0	165-8-0	14-12-0	
26th Septr.1900	54	13-8-0	14-4-0		0-12-0
27th Septr:1900	55	13-12-0	13-12-0		
28th Do.	57	14-4-0			
29th Do.	57	14-4-0	28-8-0		
30th Do.	56	14-0-0	27-0-0		13-0-0
Total Rs..	1000	250-0-0	249-0-0	14-12-0	13-12-0

I.B. Rs.249/- excludes Rs.46-8-0 received on 4th September 1900 on account of arrears of previous month left unremitted at the end of last month:-

From the above it ~~is~~ may be seen how Ramachandra Chetty was withholding sur charge amount due to Municipality and making good of the same either at the end of the month or in the course of the next month, and also how in certain cases he failed to remit the amount altogether.

10. Bonded Depot Register.

I. There are alterations erasures and interlineations in this register also. (Vide statement No.9)

The following are some of the other irregularities found in the Bonded Depot Register:-

1) In bringing forward the closing balance from 29-6-1909 to 30-6-09, 590-6 instead of 590-26 were entered.

(2) The original entry of stock on hand i.e., 395-46 on 3-10-02 was carried over till 6-10-02 and then the entry was reduced by 8 drams by altering original figures from the commencement.

(3) 514 gallons and 37 drams instead of 514-47 were shown as balance on 30th July 1912 and carried over to 1st August 1912 and rectified by making a subsequent entry of 10 drams shown as excess found in cask No.565 by overwriting all the figures entered on 30th and 31st July 1912.

(4) The original entry of closing balance i.e., 561-39 made on 29th September 1912 was reduced to 561-24 by making a subsequent entry of 15 drams as ~~being~~ Shrinkage wastage for cask No.30 the figures being

being overwritten.

(5) The original entry of i.e., 1223-3 made on 22-11-12 was reduced to 1222-44 by altering subsequently the original entry of 14 drams into 24 drams shown as being wastage against 514 the figures being overwritten.

(6) The original entry of closing balance i.e., 523-9 made on 21-4-13 was reduced to 522-32 by making a subsequent entry of 28 drams under ~~being~~ Bhang wastage for cask No.478. The entry of ~~being~~ Bhang wastage in the Inspection Book appears to be a subsequent entry.

(7) Cask No.867 was examined on 5-7-11 by Mr. M. Narain Rao Sheristadar, and 25 drams were shown as ~~being~~ Bhang wastage. The cask was placed on the tap on 6th July 1911. A remark has been made in the Bonded Depot Register on 7th July 1911 that 30 drams were found less in cask No.867. Till 12-7-11 the quantity was shown as found less on 13-7-11 it was shown as being wastage.

(8) It was found on examining the cask Nos.361 and 255 on 9-5-11 and 14-6-11 that they were marked by the Distillery Officer 1-33 & 2-7 more than the actual capacities of the cask and consequently 3 gallons and 40 drams are being shown in the accounts as found less.

The price of the above mentioned quantity should be recovered from the manufacturer as excess amount was paid on account of the error in ~~making~~ marking the quantity on these casks.

(9) The total quantity of proof spirits i.e., 13-12¾ was brought on the receipt side of the

of the Bonded Depot Register for the first time on 29-6-1913 instead of bringing it on the dates of receipt from the Distillery. Vide Excise Commissioner's Cir. No.6626-33 dated 21st January 1908.

III. On the list with which "G" challans are sent once in 10 days by the Depot keeper to the Treasury for the credit certificate the treasury has given a certificate showing ~~all~~ only the amounts received on the dates to which the ~~test~~ list appertains in the treasury but does not verify whether the amounts so credited correspond with the amounts acknowledged to have been received by the special Shroff as required in Government order No 46-98-708/S.R45-03 dated 4th March 1911. Para 6(5).

~~11.~~ Day Book.

1. The following are some of the irregularities found in this book.

1. Daily total was not entered in April 1908.

2. The collection of Rs.21-11-8 made on 13-12-09 from Licensee No.7 on account of 4 gallons was omitted in the Day book.

3. Rs.32-9-6 were shown in the Day Book as collected from Licensee No.16 on 14-12-09 while challan was issued for Rs.21-11-8 for 4 gallons.

Proof Register.

12. The following unusual quantities of proof spirit were stated to have been utilised for adjusting weak liquor.

	G	D
7-12-11 to 23-12-11	7-	7¾
6- 2-12 to 9- 2-12	6-	17
15-2-13 to 3- 3-13	22-	17
Total.	35-	41¾

2) In statement No.10 are mentioned the cases here more quantity of proof ~~x~~ spirit was stated is utilised than what was required according to the Departmental Rules.

3) Statement No.11 showing the cases in which the same quantity of proof spirit was used to raise different quantities of liquor of one and the same strength to the same required strength.

(4) It appears on reporting to the higher authorities some of the cases of weak liquor of ~~26~~ 26·7 stated to have been issued at the Distillery at 24.6 in the month of February 1913 it was found that the instruments ~~were~~ were not in good order and there was difference of a few cents.

The utilisation of the unusual quantity of proof spirit would have been avoided if the Divisional Officers had periodically compared the thermometres and Hydrometers supplied to the Amildars with those supplied to them and noted the result as required in ~~Ex. Comm'rs.~~ Excise Commissioner's Circular No. 1757-849 dated 14th April 1906.

13. Inspection Book.

On 7th February 1912 it is noted ~~that~~ in the above book by Mr. Narayan Rao, Sheristadar of the Taluk that on his examining the cask No.942 possessing the capacity of ~~53-38~~ 53-38, the test of the Liquor was 26-2 and eight bottles of Proof spirit were added to it and the contents came to 55-4 (53-38+1-17) and ~~there being~~ then Bhung wastage was noted to be twenty one drams and contents after adjustment were stated to be 54-34 (55-4) -(0-21) at 25-4. It is not understood how the quantity of proof spirit required for adjustment was ascertained

scertained without first knowing the
contents of the Cask and the ~~heavy~~ Shrinkage wastage.

(2) The cask was stated to be of the capacity of 53-38but was stated to hold 54-34.

(3) When one gallon and 35 drams of proof spirit was ~~was~~ required, as per Departmental rules, to raise 53-17 from 26-2 to 25-4 it is not clear how only 1-17 was sufficient.

14. The various irregularities referred to above could have been detected and rectified if the Sabrk and Excise authorities had taken care to observe the departmental rules laid down for their guidance.

N. K. Krishnaswami Iyengar. Special Auditor

Officer in charge of the Local Audit Department.

Requests the Comm's opinion on the auditor's reports —

G. R. S. 26]

7/12

File No. 70-13

Serial No. 9

Diary No. of letter replied to 752

No. 2590

General and Revenue Secretariat

(S.R.)

, the *191* .

To

The Excise Commr in Mysore

Date of issue 8-12-14

Signed by W Shamanna

Sir,

In inviting your attention to the special auditor's reports on the excise accounts of Bowringpet, Bangalore and Mysore taluks and to this office letter no: 1824/S.R. 70-13-3 of the 10/10/1913, I am directed to request you to favour Govt with your remarks

over.

SUBJECT.

on the three reports in
question.

J. Lovett

Reg.
7-12-14

for DDS Secretary

To
M.S. 73 Oldn
6/12/14

List of enclosures

Copied by

Examined by

GPB—25,000—4-3-13

DIARY No. 3618

1914-1915

No. 6589
E. one

Office of the Excise Commissioner
in Mysore,
Dated, Bangalore, 6th March 1915.

8

file no 70-13
Serial — 10.

From

P. Raghavendra Rao, Esq., B.A., B.L.,
Excise Commissioner in Mysore.

To

D.M. Narasinga Rao, Esq., B.A., B.L.,
Offg: Secretary to the Government of
His Highness the Maharaja of Mysore,
General and Revenue Departments.

Sir,

Adverting to your letter No. Fl.1824/S.R.~~33~~-13-3, dated 10th October 1913, requesting me to furnish my remarks on the audit report of Excise accounts of the Bowringpet Taluk, trans-mitted to me under cover of Comptroller's letter No. 1840/L.A.I 129-30, dated 5th August/12th September 1913, I have the honor to submit herewith a copy of report No. 6103, dated the 22nd Instant, from the Deputy Commissioner, Kolar District, and to state that I am in entire agreement with the opinion expressed by him with reference to the matters dealt with in the auditor's report.

2. In the light of my present experience of the working of the Department in both the Executive and the Administrative branches it seems to me, that irregularities of the kind referred to in the report cannot be matters of common or daily occurrence now. From what I have seen myself during the course of personal - - inspections of Taluk and Range Excise Offices and Bonded Depots such irregularities cannot be indulged in with impunity now- - since the checks are many and varied. But it cannot be said that irregularities do not at all occur, for crime reports are received, and, in the majority of cases, they may be taken as proof positive also that such do exist. But this only means that the Department should always be on the alert and not get

lulled into a state of indifference or carelessness. Still they are not such as those dealt with here which is some satis-faction.

3. The report in respect of Bangalore and Mysore Taluks will be transmitted immediately on their receipt from the Deputy Commissioners concerned who have been again reminded this day on the subject.

I have the honor to be,
Sir,
Your most obedient servant,

6.3.45

Assistant Commissioner,
for Excise Commissioner
absent from the station.

No. 6103/1 file.

Deputy Commissioner's Office,
Kolar District,
Dated Kolar, the 22nd February 1915.

From

P. F. Bowring, Esq., J.P.,
Deputy Commissioner, Kolar District.

To

P. Raghavendra Rao, Esq., B.A., B.L.,
Excise Commissioner in Mysore, Bangalore.

Sir,

Adverting to your docket No. 3585, dated 16th November 1914, forwarding for my remarks the Comptroller's communication to you on the Auditor's report on the examination of the Excise Accounts of Bowringpet Taluk, I have the honor to state as follows.

2. The audit covers a period of 16 years from 1st July 1896 to 30th June 1912. Eighteen statements headed as hereunder have been appended to the Audit Report.

i. Names of special shroffs.

ii. Items not brought to account on the date of collecti

iii. Corrections in special shroff's books.

iv. Quantity of proof spirit issued to the Bonded Depot from the Distillery.

v. Issues of arrack and quantity of proof spirit in the Bonded Depots at Bowringpet and Mysore.

vi. Quantity of proof spirit utilized for adjusting the weak liquor.

vii. Approximate quantity of proof spirit required for adjustment of 50 gallons of weak spirit.

viii. Weakest strength of the liquor in the casks as per entries in the Inspection Book.

ix. Statement showing how the original entries were alte ed with the object of accounting for more quantity of spirit.

x. Casks for which the quantity of proof spirits utili -ed for adjustment is omitted in Inspection Book.

xi. Cases in which the liquor in cask on tap is shown tc have suddenly become weak.

xii. Quantity of proof spirits stated to have been utiliz for adjusting liquors of several differences.

xiii. Quantities of proof spirits utilized for raising the

strength

strength of the liquor possessing some differences

xiv. Cases in which more than required quantity of proof spirit was utilixed.

xv. Important corrections made in the Bonded Depot Regis ter for 1902-3.

xvi. Cases in which the contents of the casks placed on t were not properly accounted for.

xvii. Names of controlling, inspecting and distillery ---- Officers.

xviii. Names of District Excise Officers, Excise Inspectors and Assistant Inspectors who were in the Bowringpet Taluk.

3. Of the above, statements Nos. 1, 17 and 18 give merely the names of the various Excise Officers from the shroff upwards to the Excise Commissioner who held office during the 16 years covered by the audit; and statement No. 7 is a statement of the formula of proof spirit additions to adjust given quantities of weak liquor.

4. The remaining 14 statements disclose certain irregulariti which have been discussed in the Audit Report.

5. Perusing these statements, it will be seen that 10 of ther viz., Nos. 3, 6, 8, 9, 10, 11, 12, 13, 14 and 15 relate to periods prior to 1905. No useful purpose will be secured by taking notice of these old incidents at this distance of time-so long as the irreg -larities have admittedly not resulted in any serious defalcation of Government money. You are no doubt aware that during that period the Department was yet in its infancy; and the staff of District - and Range Officers had not been organized, as it now is ; nor had the Executive Officers of those days received any training in the test of arrack, as most of them have now been given at the Distille Schools in Madras and Bangalore.

6. Of the other statements, No. 2 details 12 items between October 1911 and April 1912 not brought into account on the date of collection. Looking into the original book of the shroff, I find that the irregularities consist only in the delay in the shroff -- recording in his book the transactions of each day.

7. In 8 of these 12 items, the moneys have been entered in the accounts on the following day; in 3 cases on the third day, and in one case on the 4th day; but the dates of the transactions are after all correctly entered. The shroffs concerned are not how in the service; and after all, the irregularity is only technical and there could not have been any misapproation of the moneys even temporarily for the short periods of delay noticed. For, in a place like Bowringpet, the special shroff has been employed to issue challans to arrack contractors receiving money at all hours of the day and remit to the Treasury the moneys received by him after office hours, on the following or the next office day. So long as the collections have been correctly remitted to the Treasury, the technical faults noticed in the statement calls for no serious notice.

8. Statement No. 16 details a few instances, 6 in all, betwee the years 1910 and 1913, in which the contents of the casks placed or tap were not properly accounted for. Looking into the statement, it will be seen that the auditor has noticed small differences between the total contents of the cask and the total of issues therefrom. The differences are after all not much being only 35, 7, 8, 14 and 8 drams in the several instances. It is just likely that these small differences are but clerical errors committed by the depot mutsaddi in working out the stand wastage which is taken as the arithmetical difference between the contents of the cask and issues therefrom.

9. The only point worthy of consideration in the whole report of the audit is the consumption of proof liquor in the depot which appears no doubt excessive as compared with the consumption elsewhere To bring home this unsatisfactory feature, the auditor has drawn up 2 statements Nos. 4 and 5, the one, showing the quantities of proof liquor issued to the depot at Bowringpet during the twelve years from 1896-7 to 1907-08 and the other the issues of arrack and proof spirit to Bowringpet as compared with the issues to Mysore City.

10. In regard to the comparision between Bowringpet and Mysore City,

City, I may at once say that nothing can be more inappropriate; it only betrays an ignorance of the varying conditions which govern consumption of Arrack. It may be pointed out that while the consumers in Mysore City are mostly ordinary people who want only a little stimulent for the day and are not very particular about strong liquor those in Bowringpet Taluk are hard working labourers of the Mines who need strong liquor and will not accept weak arrack; further, in view of the fact that the Mining Area borders on British Territories where weaker arrack of 25 U.P. was vended, any issue of weak liquor to the shops in the Gold Fields would have tended to induce the smuggling of British Liquor and the detection of such smuggling would have been no easy task. In this view, it was very necessary that the liquor issued from the Bowringpet Taluk to the shops in the Gold Fields should necessarily be adjusted to the standard strength (20 U.P. at the time) by the addition of sufficient proof spirits.

11. Turning now to the consumption of proof spirit in Bowringpet, the Auditor's statement No. 4 gives the issues of the liquor to Bowringpet Depot year by year from 1896-7 to 1907-8. During these twelve years 2,716 gallons of proof spirit have been issued to the depot; and referring to this point, the Auditor writes as follows:-

" Then why is it that during the period under audit large quantity of proof spirit was supplied by the Distillery officer and adjustment of weak liquor was made in the Bonded Depots at Government cost?

As no satisfactory explanation for the enormous consumption of proof liquor year after year is forthcoming the total amount of about ₹ 17,800 being the value of 2,700 gallons of proof spirit consumed during the period of 10 years 1896-7 to 1906-7 should have been recovered from the persons primarily responsible.

In Excise Commissioner's Circular No. 6626-33, dated 21st January 1908, certain instructions are given regarding the method of accounting of proof spirit received in the depots for the purpose of adjustment of weak liquor. But the circumstances under which such adjustment may be made at Government cost are not specified. It is however weak liquor only in exceptional cases and after careful

enquiry by the Departmental Authorities as to the reason why liquor that requires to be adjusted has fallen below the authorised strength

In any case it was the duty of the several officers who found liquor in the casks of the store room to be weak and requiring adjust -ment before issue to have reported the matter immediately to the Distillery Officer and to the Excise Commissioner for needful action.

From an examination of the records of the period 1896-7 to 1906-7 it was found that most of the casks issued were issued after adjustment. This should have attracted the attention of the several Excise Officers.

Then again if the Distillery Officers had exercised due care and prudence they might have noticed why heavy indents for proof - liquor was received from the Bowringpet Depot alone in the Province and have called for information as to the necessity for large consump -tion of proof liquor in that Depot".

12. The Comptroller in his letter to you adds as follows:-

" Fifthly. The failure of the Distillery Officers to enquire why abnormally heavy quantities of proof spirit were indented for by the Bowringpet Depot alone and to report the matter to the -- Excise Commissioner for orders. The quantity of proof spirit indent -ed for and supplied in one consignment on 4th April 1907 was so larg as 100 gallons while the largest quantity ever supplied to the other depots in the Province at one time did not exceed 8 gallons.

The facts noted above go to show that the indenting for and issue of large quantities of proof liquor were permitted by the -- Authorities concerned when they should have known that there could have been no legitimate use for it and the abnormal consumption of this description of liquor in the depot also failed to attract except in one case the attention of the several inspecting and controlling authorities who had the means of finding out the matter open to them either in the depot books or in the prescribed returns of the issue

and

consumption of liquor".

13. With reference to the above, I beg leave to submit that I fail to appreciate the propriety of Auditing Officers taking upon themselves an expression of animadvertory criticism over the suppose derelictions on the part of the Excise Officers. The remarks conveyed in the foregoing extracts appear to me as not only gratuitous, traversing points of general Excise Administration quite foreign to the fundctions of an auditor but are also all the less graceful, because they have been ventured without a correct knowledge of facts.

14. It is stated that there has been a loss of over R$ 17,800 to Government by the consumption of proof liquor to the extent of 2,716 gallons. I am surprised at the ignorance exhibited by such valuation. It is a matter of simple arithmetic that what is lost by the addition of proof spirit to the weak liquor in the cask, is not the full value of the quantity so added. For, the quantity so added goes to swell the stock and is sold as arrack of the lower ver strength namely 80 U.P.; the consequent loss to Government is only the difference in value of proof spirit and liquor of 80 U.P. or $\frac{1}{4}$ of the price of an equal qunatity of the latter.

15. Turning to the figures I may add that the auditor has taken into account the quantities sent to the depot from the Distillery and not those actually used up to adjust liquor issued from the depots. The figures do vary ; for instance during the quinquennium from 1902-3 to 1906-7, the quantity actually used was Gallons 1937-drams 38 against Gallons 2,013-drams 8 sent to the depot even taking the issues to the Depot the loss to Government calculated with reference to prices and rates of duty which prevailed at the different periods will be only R$ 3,566-11-0 as detailed hereunder:-

Year.	Value per gallon of arrack	Quantity of proof spirit sent to depot.	Loss to Government R$ A P.

Year	Value per gallon of arrack 20 U. P. Price	Duty	Total	Quantity of proof spirit sent to depot.	Loss to Government
	R$ A. P.	R$ A P.	R$ A P.		R$ A P
1896-7	0-10-6	4-0-0	4-10-6	8 gallons	9-5-0
97-8 to 01-2	0-6-3	4-12-0	5-2-3	626 "	804-8-0
02-3 to 06-7	0-8-6	4-12-0	5-4-6	2013 "	2659-1-9
1907-08	0-10-11	4-12-0	5-6-11	69 "	93-12-3
			Total	2716 gallons.	R$ 3566-11-0

16. The whole of 2,716 gallons cannot be considered as lost to Government. A certain quantity of proof spirit must be allowed to adjust weak liquor.

17. No doubt it must be admitted, that, even allowing for a normal expenditure of proof liquor, the expenditure during the 5 years 1902-3 to 1906-7 has been heavy. It has been so, particularly in the year 1906-7 when the depot received so much as 1092 gallons.

18. This abnormal expenditure has not, as presumed by the Comptroller, been passed over without due notice by the responsible authorities. A perusal of the Administration Reports of the years 1905-6, 1906-7 and 1907-8 will show how the matter had formed the subject of a departmental enquiry at the time and had also been -- reported to Government. In the District Report for 1906-7 the -- Deputy Commissioner has stated that the liquor during the year was being received weak and again in the report for the following year the Deputy Commissioner has observed as follows:-

"Proof Spirit. The quantity of proof liquor used this year for adhusting purposes was 161 gallons and 36½ drams against 1,048 gallons 48 drams in the previous year.

The ~~marge~~ large decrease was in the Bowringpet Depot where a large quantity was issued in the last year. A separate report about the circumstances which tended towards this increase has been submitted. It is gratifying to see that no quantity was used since 1st December 1907 in the Bowringpet Depot due to the careful attention paid in

adjusting liquor by the Revenue Officer. An Excise Assistant Inspector is directed to be present always to help the Taluk Authorities in this work".

19. The enquiry has been finally closed by the Excise Commissioner's report to the Government contained in paragraph 41 of the Administration Report for 1907-8 in which he has stated as -- follows:-

" The large quantity of proof spirit used up at the Bowringpet Depot on the previous year having attracted notice, an enquiry was held and it was found that the Taluk Officials charged with the duty of adjusting weak liquor had owing to their ignorance and faulty instruments used proof spirit unnecessarily. Arrangements have now been made to guard against such misuse of the spirit".

20. It will also be remembered that in the month of October 1906, the firm of Messrs. Arbuthnot & Co., who had the contract of the manufacture of arrack in the Distillery had to be kept going until the end of the year under highly handicapped conditions by the Excise Department in communication with the official Assignee at Madras. There is therefore no wonder that the arrack issued from the Distillery was not perhaps perfect and large quantities of proof liquor had to be added.

21. In view of these and other circumstances, which have been already enquired into by the Department there appears no use in raking up the 'dead past' at this distance of time.

22. It is indeed gratifying to see that the audit has not disclosed any irregularities since 1907-8. This itself is sufficient proof of the efficiency of the Excise Administration at present, and I fail to see that any useful purpose will be served by now entering into a departmental enquiry over the small irregularities of years gone-by brought to light by the elaborate audit conducted by the Comptroller.

23. Enclosures returned.

I have etc.,

(Sd.) P. F. Bowring,
Deputy Commissioner,
ar District.

Copy

6.3.915

Assistant Commissioner,
for Excise Commissioner, absent
from the Station.

MRG.

OFFICE OF THE EXCISE COMMISSIONER IN MYSORE.

4171

Bangalore, dated 10th December *19* 14.
11

FROM

P. Raghavendra Rao, Esq., B.A., B.L.,

Excise Commissioner in Mysore.

DIARY No. 2244

1914-1915
SECTION
FILE NO. 70-13

To

D. M. Narasinga Rao, Esq., B.A., B.L.,

Offg. *Secretary to the Government of*
His Highness the Maharaja of Mysore,
General and Revenue Departments.

Sir,

Adverting to your letter No. Fl.2590/S.R.70-13-9, dated the 8th Instant, I have the honor to state that the Special Auditors reports therein alluded to, have been forwarded to the Deputy Commissioners of the Districts concerned, who have been requested to return them, with their remarks, and that they will be retransmitted immediately on their receipt here, together with my remarks on each individual report.

I have the honor to be,

S i r,

Your most obedient servant,

P Raghavendra Rao
10-12-14.
Excise Commissioner.

SSR.
10-12-'14.

FROM

Excise Commissioner in Mysore.

To

Secretary to the Government of
H. H. the Maharaja of Mysore,
Gen. and Rev. Depts.

Dated

Despatched

Received

General No.

Enclosure No.

SUBJECT.

GPB—1,350—25-11-12

Records the report on the audit of excise accounts in the Bowringpet Tk.

G.R.S. 28] 12

18/12

File No. 70-13

Serial No. 1

Diary No. of letter replied to 3618

Proceedings of the Government of His Highness the Maharaja of Mysore

GENERAL AND REVENUE SECRETARIAT.

(SR.)

, the 2 191 .

Date of issue 19-12-16

Signed by Mr Shamanna

For immediate disposal

1. READ

Letter GO no: R 1060-1/SR 1880-11-3 of the 5/5/1912 sanctioning the deputation of an Accountant of the Comptroller's Office for auditing the excise accounts of Bowringpet, Bangalore & Nagar Talukas.

ORDER PASSED.

2. Read ..... Correspondence ending with letter no: 6589 of the 8/3/1915 from the Excise Commr in Mysore, forwarding with his opinion the remarks of the

OFFR.

SUBJECT.

GPB—50,000—1-12-12

Y Comm, Kolar Dt, on the audit's
report on the accounts of the Bowringpet
Mc from 1896-7 to 1911-12 forwarded
by the Comptroller on 12/9/1913.

---

order
no 3454-5 dy 19 Decr/16

Recorded.

2. The explanation of the
Department on the reports
of the auditor regarding the
accounts of the Bangalore
& Mysore Mcs is awaited.

16/12

Rer Secy to Govt

16.12.16

To the Excl Comm in Mysore
The Comptroller to Govt.

mm
8/8/16.